

**PERALTA COLLEGES FOUNDATION**  
**(A California Nonprofit Corporation)**

---

**ANNUAL FINANCIAL STATEMENTS**  
**WITH**  
**INDEPENDENT AUDITOR'S REPORT**

---

**JUNE 30, 2019**

**PERALTA COLLEGES FOUNDATION  
(A California Nonprofit Corporation)**

**June 30, 2019**

TABLE OF CONTENTS

|  |   |
|--|---|
| INDEPENDENT AUDITOR'S REPORT .....   | 1 |
| FINANCIAL STATEMENTS   |   |
| Statement of Financial Position<br>June 30, 2019 .....                     | 3 |
| Statement of Activities<br>For the Year Ended June 30, 2019 .....          | 4 |
| Statement of Functional Expenses<br>For the Year Ended June 30, 2019 ..... | 5 |
| Statement of Cash Flows<br>For the Year Ended June 30, 2019 .....          | 6 |
| NOTES TO FINANCIAL STATEMENTS .....  | 7 |



## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Peralta Colleges Foundation  
Oakland, California

We have audited the accompanying financial statements of Peralta Colleges Foundation (the Foundation), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Emphasis of Matters**

As discussed in Notes 1 and 9 to the financial statements, the Center has adopted the provisions of FASB Accounting Standards Update 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Net assets at June 30, 2018 have been restated to combine temporarily restricted and permanently restricted net assets into a single category of net assets with donor restrictions. Our opinion is not modified with respect to this matter.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Peralta Colleges Foundation as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Eide Sully LLP".

San Ramon, California  
May 12, 2020

**PERALTA COLLEGES FOUNDATION**  
**(A California Nonprofit Corporation)**

**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2019**

---

**ASSETS**

**CURRENT ASSETS**

|                             |    |                  |
|-----------------------------|----|------------------|
| Cash and cash equivalents   | \$ | 1,166,011        |
| Promises to give            |    | 21,738           |
| Other assets                |    | 1,400            |
| <b>Total Current Assets</b> |    | <u>1,189,149</u> |

**NONCURRENT ASSETS**

|                     |           |                         |
|---------------------|-----------|-------------------------|
| Investments         |           | 1,504,947               |
| <b>TOTAL ASSETS</b> | <b>\$</b> | <u><u>2,694,096</u></u> |

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

|                          |    |                |
|--------------------------|----|----------------|
| Accounts payable         | \$ | 12,988         |
| Payable to college funds |    | 607,106        |
| <b>TOTAL LIABILITIES</b> |    | <u>620,094</u> |

**NET ASSETS**

|   |           |                         |
|---|-----------|-------------------------|
| Without donor restrictions              |           | 1,005,708               |
| With donor restrictions                 |           | 1,068,294               |
| <b>Total Net Assets</b>                 |           | <u>2,074,002</u>        |
| <b>TOTAL LIABILITIES AND NET ASSETS</b> | <b>\$</b> | <u><u>2,694,096</u></u> |

See the accompanying notes to financial statements.

**PERALTA COLLEGES FOUNDATION**  
**(A California Nonprofit Corporation)**

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

|   | Without<br>Donor Restrictions | With<br>Donor Restrictions | Total               |
|---|-------------------------------|----------------------------|---------------------|
| <b>Support and Revenues</b>                 |                               |                            |                     |
| Individual contributions                    | \$ 84,681                     | \$ 475                     | \$ 85,156           |
| Foundation and corporate grants             | 333,577                       | 115,216                    | 448,793             |
| Fundraising events                          | 49,269                        | -                          | 49,269              |
| In-kind contributions                       | 71,965                        | -                          | 71,965              |
| Administrative fees - Other                 | 40,085                        | -                          | 40,085              |
| Net assets released from restrictions       | 166,788                       | (166,788)                  | -                   |
| <b>Total Support and Revenues</b>           | <b>746,365</b>                | <b>(51,097)</b>            | <b>695,268</b>      |
| <b>Expenses</b>                             |                               |                            |                     |
| Program services                            | 291,489                       | -                          | 291,489             |
| Management and general                      | 206,006                       | -                          | 206,006             |
| Fundraising                                 | 115,345                       | -                          | 115,345             |
| <b>Total Expenses</b>                       | <b>612,840</b>                | <b>-</b>                   | <b>612,840</b>      |
| <b>Total Revenues in Excess of Expenses</b> | <b>133,525</b>                | <b>(51,097)</b>            | <b>82,428</b>       |
| <b>Other Revenues (Expenses)</b>            |                               |                            |                     |
| Interest and dividends                      | 21,147                        | 34,426                     | 55,573              |
| Unrealized gain (loss) on investments       | 37,224                        | 3,967                      | 41,191              |
| <b>Total Other Revenues (Expenses)</b>      | <b>58,371</b>                 | <b>38,393</b>              | <b>96,764</b>       |
| <b>CHANGE IN NET ASSETS</b>                 | <b>191,896</b>                | <b>(12,704)</b>            | <b>179,192</b>      |
| <b>NET ASSETS, BEGINNING OF YEAR</b>        | <b>813,812</b>                | <b>1,080,998</b>           | <b>1,894,810</b>    |
| <b>NET ASSETS, END OF YEAR</b>              | <b>\$ 1,005,708</b>           | <b>\$ 1,068,294</b>        | <b>\$ 2,074,002</b> |

See the accompanying notes to financial statements.

**PERALTA COLLEGES FOUNDATION**  
**(A California Nonprofit Corporation)**

**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

|  | Program           | Management<br>and<br>General | Fundraising       | Total<br>Expenses |
|--|-------------------|------------------------------|-------------------|-------------------|
| Salaries                                       | \$ 44,004         | \$ 18,859                    | \$ 20,954         | \$ 83,817         |
| Payroll taxes                                  | 3,997             | 1,713                        | 1,903             | 7,613             |
| Employee benefits                              | 5,064             | 2,170                        | 2,411             | 9,645             |
| <b>Total Salaries and<br/>Related Expenses</b> | 53,065            | 22,742                       | 25,268            | 101,075           |
| Scholarships                                   | 134,520           | -                            | -                 | 134,520           |
| Grants   | 22,932            | -                            | -                 | 22,932            |
| Accounting                                     | -                 | 17,562                       | -                 | 17,562            |
| Executive Director                             | 35,072            | 81,834                       | 38,969            | 155,875           |
| Events   | -                 | -                            | 26,502            | 26,502            |
| Bank charges                                   | -                 | 867                          | -                 | 867               |
| Information technology                         | 2,051             | 11,618                       | 4,556             | 18,225            |
| Dues and subscription                          | 36                | 2,088                        | 819               | 2,943             |
| Insurance                                      | 1,142             | 490                          | 544               | 2,176             |
| Meetings                                       | 547               | 10,404                       | 3,651             | 14,602            |
| Miscellaneous                                  | -                 | 19,449                       | -                 | 19,449            |
| Occupancy                                      | 14,273            | 6,116                        | 6,797             | 27,186            |
| Office expense                                 | 24,991            | 11,044                       | 8,239             | 44,274            |
| Postage  | -                 | 100                          | -                 | 100               |
| Professional fees                              | 2,860             | 18,425                       | -                 | 21,285            |
| Telephone                                      | -                 | 3,204                        | -                 | 3,204             |
| Travel   | -                 | 63                           | -                 | 63                |
| <b>Total Expenses</b>                          | <b>\$ 291,489</b> | <b>\$ 206,006</b>            | <b>\$ 115,345</b> | <b>\$ 612,840</b> |

See the accompanying notes to financial statements.

**PERALTA COLLEGES FOUNDATION**  
**(A California Nonprofit Corporation)**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

---

**CASH FLOWS FROM OPERATING ACTIVITIES**

|   |                |
|---|----------------|
| Change in net assets  | \$ 179,192     |
| Adjustments to reconcile change in net assets<br>to net cash provided by operations |                |
| Net unrealized and realized (gain) loss on investments                              | (41,191)       |
| Change in operating assets and liabilities  |                |
| (Increase) decrease in accounts receivable  | 78,262         |
| (Increase) decrease in other assets   | 8              |
| Increase (decrease) in accounts payable and accrued expenses                        | 10,847         |
| Increase (decrease) in accrued payroll expenses                                     | (9,421)        |
| Increase (decrease) in due to student groups  | 42,357         |
| <b>Net Cash Flows From Operating Activities</b>                                     | <u>260,054</u> |

**CASH FLOWS FROM INVESTING ACTIVITIES**

|   |                  |
|---|------------------|
| Proceeds from sales of investments              | 108,224          |
| Purchases of investments                        | (254,710)        |
| <b>Net Cash Flows From Investing Activities</b> | <u>(146,486)</u> |

**NET CHANGE IN CASH AND CASH EQUIVALENTS**

113,568

**CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR**

1,052,443

**CASH AND CASH EQUIVALENTS, END OF YEAR**

\$ 1,166,011

See the accompanying notes to financial statements.



**PERALTA COLLEGES FOUNDATION**  
**(A California Nonprofit Corporation)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

---

***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

**Foundation**

The Peralta Colleges Foundation (the Foundation) was incorporated in the State of California in January 7, 1971, for the purpose of establishing financial assistance to students and to enhance the intellectual, cultural, and educational needs of the students, faculty and staff and the communities in which they work.

The Foundation supports academic excellence and success throughout the Peralta Community College District (the District) by building partnerships in the region to raise scholarship funds for committed students and financial support for the four colleges that comprise the District: Berkeley City College, College of Alameda, Laney College and Merritt College. The Foundation also provides faculty grants for classroom enrichment, provides funds for the purchase of books at the libraries of each campus, and runs a district-wide alumni engagement program. Charitable gifts to the four colleges of the District and its auxiliaries are accepted and administered by the Foundation. In addition, the Foundation stewards restricted contributions for scholarships and programs in accordance with donor instructions.

The Peralta Colleges Foundation is an independent, 501(c) (3) non-profit auxiliary to the District.

**Financial Statement Presentation**

The Foundation's financial statement presentation follows the recommendations prescribed by accounting principles generally accepted in the United States of America (U.S. GAAP). Under the provisions of U.S. GAAP, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

**New Accounting Pronouncement**

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The ASU addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. This ASU modified the current guidance over several criteria of which the following affected the Foundation's financial statements:

- Net assets are to be segregated into two categories, "with donor restrictions" and "without donor restrictions", as opposed to the previous requirement of three classes of net assets.
- Disclosure of qualitative and quantitative information relating to management of liquidity and the availability of financial assets to cover short-term cash needs within one year from the consolidated statement of financial position date.
- Presentation of expenses by both their natural classification and their functional classification.
- Presentation of the indirect method reconciliation of operating cash flows on the consolidated statements of cash flows is no longer required when the direct method of reporting is used.
- Disclosure of the methods used to allocate costs among program and supporting (general and administrative and fundraising) functions.
- Presenting investment return net of external and direct internal investment expenses.

The Foundation has implemented the provisions of this ASU as of June 30, 2019. The ASU has been applied retrospectively to all prior periods presented.

**PERALTA COLLEGES FOUNDATION**  
**(A California Nonprofit Corporation)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

---

**Cash and Cash Equivalents**

Cash and cash equivalents for the purposes of the statement of cash flows consist of cash held in checking and money market accounts and certificates of deposit with maturities of less than 90 days and available for current operations. The Foundation maintains cash balances in financial institutions which are insured up to \$250,000. At June 30, 2019, the amount in excess of Federal depository insurance coverage was approximately \$975,000.

**Investments**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are recorded in the appropriate classification of net assets. If the restrictions are met either by passage of time or by use in the reporting period in which the income and gains are recognized, the income is recorded as increases in the unrestricted net assets. Investments are classified as short or long term based upon the Foundation's intent to use for current operations.

**Contributions and Promises to Give**

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in the appropriate classification of net assets as net assets with donor restrictions. When a restriction expires through either the passage of time or use, the assets are reclassified as assets released from restrictions in the statement of activities.

As of June 30, 2019 promises-to-give are as follows:

|                  |                  |
|------------------|------------------|
| Promises to give | \$ <u>21,738</u> |
|------------------|------------------|

The Foundation considers all accounts receivable to be fully collectible as of June 30, 2019. Accordingly, no allowance for doubtful accounts are deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

**Donated Services, Goods, and Facilities**

A substantial number of volunteers have donated their time and experience to the Foundation's program services and fundraising campaigns during the year. However, these donated services are not reflected in the financial statements since there is no readily determined method of valuing the services.

During the year, office space was provided by the District on behalf of the Foundation. This donated office space was valued at \$27,186. Additionally, the District covers internet, electricity, telephone and other professional fees at a cost of \$12,179.

Equipment donated to the Foundation had a fair market value of \$32,600 and included vehicles and cell phones that were provided to the colleges as directed by the donors.

**PERALTA COLLEGES FOUNDATION**  
**(A California Nonprofit Corporation)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

---

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates. Significant estimates include the value of the beneficial interest in a charitable remainder trust.

**Income Taxes**

The Foundation is a nonprofit public benefit corporation that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code (IRC) and classified by the Internal Revenue Service (IRS) as other than a private Foundation. Contributions received qualify as tax deductible gifts as provided in Section 170(b) (1) (A) (VI). The Foundation is also exempt from California State franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes has been reflected in these financial statements. The Foundation's Federal Form 990, *Return of Foundation Exempt from Income Tax*, and State Form 109, *California Exempt Foundation Business Income Tax Return*, are subject to examination by the IRS for three years, and by the State Franchise Tax Board for four years, after they were filed. The Foundation is not aware of any such examinations at this time.

The Foundation has adopted FASB ASC Topic 740 that clarifies the accounting for uncertainty in tax positions taken or expected to be taken on a tax return and provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if, based on its merits, the position is more likely than not to be sustained on audit by the taxing authorities. Management believes that all tax positions taken to date are highly certain, and, accordingly, no accounting adjustment has been made to the financial statements.

**Payable to College Funds**

Payable to college funds represent funds held on behalf of others at the various colleges within the District. The Foundation records additions to the funds as liabilities and distributions as reductions in the liability balance.

**Allocation of Functional Expenses**

The costs of providing the various programs, fundraising, and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and fundraising activities benefited.

**PERALTA COLLEGES FOUNDATION**  
**(A California Nonprofit Corporation)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

---

**NOTE 2 - INVESTMENTS**

Investments consisted of the following at June 30:

|                           |    |                  |
|---------------------------|----|------------------|
| Cash and cash equivalents | \$ | 53,349           |
| Mutual funds              |    | 1,451,598        |
|                           | \$ | <u>1,504,947</u> |

Investments are recorded at fair value on the statement of financial position. The following table summarizes the investment returns which are recorded in the statement of activities:

|  |    |               |
|--|----|---------------|
| Interest and dividends                   | \$ | 55,573        |
| Unrealized gains on investments          |    | 41,191        |
| Total Investment Income                  |    | <u>96,764</u> |
| Investment expenses                      |    | (9,261)       |
| Total Investment Income, Net of Expenses | \$ | <u>87,503</u> |

**NOTE 3 - MARKET VALUE OF FINANCIAL ASSETS AND LIABILITIES**

The Foundation determines the fair market values of certain financial instruments based on the fair value hierarchy established in FASB ASC 820-10-50, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value.

The following provides a summary of the hierarchical levels used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities may include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and other instruments whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data. This category generally includes U.S. Government and agency mortgage-backed debt securities, corporate debt securities, derivative contracts, residential mortgages, and loans held for sale.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category generally includes certain private equity investments, retained residual interests in securitizations, residential MSRs, asset-backed securities (ABS), highly-structured or long-term derivative contracts, and certain collateralized debt obligations (CDO) where independent pricing information was not able to be obtained for a significant portion of the underlying assets.

**PERALTA COLLEGES FOUNDATION**  
**(A California Nonprofit Corporation)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

---

**Assets and Liabilities Recorded at Fair Value on a Recurring Basis**

The following table presents the balances of the assets measured at fair value on a recurring basis as of June 30, 2019. The Foundation did not have any liabilities measured at fair value on a recurring basis as of June 30, 2019.

| Assets                        | Level 1             |
|-------------------------------|---------------------|
| Common stock                  | \$ 686,307          |
| Corporate bonds and notes     | 448,239             |
| Equity securities             | 317,052             |
| CDs and money market accounts | 53,349              |
| Total                         | <u>\$ 1,504,947</u> |

**NOTE #4 – LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

|                           |                     |
|---------------------------|---------------------|
| Cash and cash equivalents | \$ 1,166,011        |
| Accounts receivables      | 21,738              |
| Total                     | <u>\$ 1,187,749</u> |

The Foundation currently does not have a policy of structuring its financial assets to be available in the event of an unanticipated liquidity need.

**NOTE 5 - ACCOUNTS PAYABLE**

Accounts payable represent unconditional promises made by the Foundation and are due as follows:

|                 | Projects         |
|-----------------|------------------|
| Due in one year | <u>\$ 12,988</u> |

**NOTE 6 – CONTINGENCIES**

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Foundation deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Foundation to the provisions of the grants. The Foundation’s management is of the opinion that the Foundation has complied with the terms of all grants.

**PERALTA COLLEGES FOUNDATION**  
**(A California Nonprofit Corporation)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consisted of program funds held for the following various purposes:

|                                 |                            |
|---------------------------------|----------------------------|
| RSVP program                    | \$ 16,803                  |
| Foundation Scholars Awards      | 5,777                      |
| Unspent endowment fund earnings | 92,733                     |
| Endowment fund corpus           | 483,157                    |
| Scholarship fund                | 469,323                    |
| College Level Math Readiness    | 501                        |
| Total                           | <u><u>\$ 1,068,294</u></u> |

|   | Endowment Fund<br>Earnings | Endowment Fund<br>Corpus | Total                    |
|---|----------------------------|--------------------------|--------------------------|
| Susan Almon Duncan Memorial Book              | \$ 1,439                   | \$ 10,462                | \$ 11,901                |
| Adeline Guintini Memorial Scholarship         | 2,783                      | 15,930                   | 18,713                   |
| Alameda Bus. & Prof. Women Scholarship        | 385                        | 3,500                    | 3,885                    |
| Anna & John Los Scholarship                   | 2,418                      | 20,000                   | 22,418                   |
| Doddie Gifford Labor Studies                  | 4,120                      | 25,000                   | 29,120                   |
| Elmore Holderman Memorial Scholarship         | 441                        | 4,145                    | 4,586                    |
| Ken Harvey Athletic Scholarship               | 8,883                      | 43,347                   | 52,230                   |
| Kenneth L. Rogers Memorial Scholarship        | 625                        | 3,741                    | 4,366                    |
| Lawrence L. Chin Memorial Scholarship         | 532                        | 5,000                    | 5,532                    |
| Torri Minton Memorial Scholarship             | 1,246                      | 12,175                   | 13,421                   |
| Allied Health                                 | 2,823                      | 26,537                   | 29,360                   |
| Antoinette Lenaha Child Scholarship           | 1,968                      | 2,500                    | 4,468                    |
| Carter Gilmore Endowment                      | 178                        | 10,000                   | 10,178                   |
| Kaiser Foundation Scholarship                 | 10,122                     | 10,000                   | 20,122                   |
| Marion Tadlock Memorial                       | 4,640                      | 11,097                   | 15,737                   |
| CISE Scholarship                              | 6,263                      | 44,048                   | 50,311                   |
| C. Lasley Field Memorial Scholarship          | 585                        | 5,000                    | 5,585                    |
| Elizabeth & Alfred Nwala                      | 1,303                      | 10,429                   | 11,732                   |
| Margaret Withrow Memorial Scholarship         | 508                        | 4,771                    | 5,279                    |
| Ruth Bittman Memorial Scholarship             | 10,708                     | 100,000                  | 110,708                  |
| Georgia Runge-Smith Memorial Scholarship      | 275                        | 5,000                    | 5,275                    |
| Ormond Endowment                              | 1,570                      | 10,000                   | 11,570                   |
| Oakland A's Endowment                         | -                          | 100,000                  | 100,000                  |
|   | <u>63,815</u>              | <u>482,682</u>           | <u>546,497</u>           |
| Total endowment net assets, beginning of year | 63,815                     | 482,682                  | 546,497                  |
| Current year contributions                    | -                          | 475                      | 475                      |
| Current year investment income:               |                            |                          |                          |
| Dividends and interest, net investment fees   | 32,427                     | -                        | 32,427                   |
| Gains/Loss on investments                     | 3,966                      | -                        | 3,966                    |
| Total current year investment income          | <u>36,393</u>              | <u>-</u>                 | <u>36,393</u>            |
| Amounts appropriated for expenditure          | (7,475)                    | -                        | (7,475)                  |
| Endowment net assets, end of year             | <u><u>\$ 92,733</u></u>    | <u><u>\$ 483,157</u></u> | <u><u>\$ 575,890</u></u> |

**PERALTA COLLEGES FOUNDATION**  
**(A California Nonprofit Corporation)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

---

Net assets with donor restrictions were released from donor restriction by incurring expenses satisfying the purposes specified by donors as follows during the years ended June 30:

|   |    |                |
|---|----|----------------|
| Income from capital appreciation of permanently restricted earnings for Scholarship Funds | \$ | 7,475          |
| Scholarship fund  |    | 148,052        |
| College Level Math Readiness  |    | 11,261         |
| Total   | \$ | <u>166,788</u> |

The Foundation's endowment scholarship funds consist of various individual funds. As required by GAAP, net assets associated with endowment scholarship funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

Permanently restricted net assets, for which investment and interest earnings may be used for scholarship grants, consisted of the historical gift balance of the endowed funds.

**Interpretation of Relevant Law**

The Board of the Foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

**Return Objectives and Risk Parameters**

Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a balanced portfolio comprised of cash, fixed income securities, and equities.

**Strategies Employed for Achieving Objectives**

To satisfy its long-term objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation to achieve its long-term return objectives within a prudent risk framework.

**PERALTA COLLEGES FOUNDATION**  
**(A California Nonprofit Corporation)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

---

**Funds with Deficiencies**

From time to time, the fair value of assets associated with the individual donor-restricted endowment funds may fall below the level that current law requires the Foundation to retain for a fund of perpetual duration in accordance with GAAP. Deficiencies of this nature are reported as unrestricted net assets. Subsequent gains that restore the fair value of the assets for the endowment funds to the required level are classified as increase in unrestricted net assets. There were no unrestricted net assets transferred to replenish fund deficiencies as of June 30, 2019.

**Spending Policy**

The Foundation distributes funds from income and capital appreciation of endowment assets in accordance with donor agreements.

**NOTE 8 – COMMITMENTS**

As of June 30, 2019, the Foundation had the following commitments with respect to outstanding agreements:

| <u>Fiscal Year</u> | <u>Amount</u>     |
|--------------------|-------------------|
| 2020               | \$ 120,000        |
| 2021               | 60,000            |
|                    | <u>\$ 180,000</u> |

**NOTE #9 – ADOPTION OF ACCOUNTING STANDARDS UPDATE 2016-14 AND RESTATEMENT OF PRIOR YEAR NET ASSET**

As of July 1, 2018, the Foundation adopted the provision of ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As a result, the beginning net assets were restated as follows:

|                                       | As Previously<br>Reported<br>After Change in<br>Accounting<br>Method | Adoption of<br>ASU 2016-14 | As Restated         |
|---------------------------------------|--|----------------------------|---------------------|
| Unrestricted net assets               | \$ 813,812   | \$ (813,812)               | \$ -                |
| Temporarily restricted net assets     | 598,316  | (598,316)                  | -                   |
| Permanently restricted net assets     | 482,682  | (482,682)                  | -                   |
| Net assets without donor restrictions | -  | 813,812                    | 813,812             |
| Net assets with donor restrictions    | -  | 1,080,998                  | 1,080,998           |
|                                       | <u>\$ 1,894,810</u>  | <u>\$ -</u>                | <u>\$ 1,894,810</u> |



**PERALTA COLLEGES FOUNDATION**  
**(A California Nonprofit Corporation)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

---

***NOTE 10 - SUBSEQUENT EVENTS***

The Foundation's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through May 12, 2020 which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.